

A bill for an act

relating to housing; adjusting deed tax percentage; providing rental housing assistance; establishing a housing account for leverage opportunity; appropriating money; amending Minnesota Statutes 2008, sections 287.21, subdivision 1; 462A.201, by adding a subdivision; 462A.33, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 462A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **HOUSING SOLUTIONS ACT.**

Sections 2 to 5 shall be known as the "Housing Solutions Act."

Sec. 2. Minnesota Statutes 2008, section 287.21, subdivision 1, is amended to read:

Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument by which any real property in this state is granted, assigned, transferred, or otherwise conveyed. The tax applies against the net consideration. For purposes of the tax, the conversion of a corporation to a limited liability company, a limited liability company to a corporation, a partnership to a limited partnership, a limited partnership to another limited partnership or other entity, or a similar conversion of one entity to another does not grant, assign, transfer, or convey real property.

(b) The tax is determined in the following manner: (1) when transfers are made by instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is \$500 or less, the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or encumbrance remaining at the time of sale, exceeds \$500, the tax is ~~.0033~~ .005 of the net consideration.

(c) If, within six months from the date of a designated transfer, an ownership interest in the grantee entity is transferred by an initial owner to any person or entity with the result that the designated transfer would not have been a designated transfer if made to the grantee entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration for the designated transfer. If the subsequent transfer of ownership interests was reasonably expected at the time of the designated transfer, the applicable penalty under section 287.31, subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30 days of the subsequent transfer that caused the tax to be imposed under this paragraph. Involuntary transfers of ownership shall not be considered transfers of ownership under this paragraph. The commissioner may adopt rules defining the types of transfers to be considered involuntary.

(d) The tax is due at the time a taxable deed or instrument is presented for recording, except as provided in paragraph (c). The commissioner may require the tax to be documented in a manner prescribed by the commissioner, and may require that the documentation be attached to and recorded as part of the deed or instrument. The county recorder or registrar of titles shall accept the attachment for recording as part of the deed or instrument and may not require, as a condition of recording a deed or instrument, evidence that a transfer is a designated transfer in addition to that required by the commissioner. Such an attachment shall not, however, provide actual or constructive notice of the information contained therein for purposes of determining any interest in the real property. The commissioner shall prescribe the manner in which the tax due under paragraph (c) is to be paid and may require grantees of designated transfers to file with the commissioner subsequent statements verifying that the tax provided under paragraph (c) does not apply.

Sec. 3. Minnesota Statutes 2008, section 462A.201, is amended by adding a subdivision to read:

Subd. 8. **Appropriation.** An amount equal to the proceeds of the deed tax under section 287.21, subdivision 1, paragraph (b), clause (3), on .000688 of the net consideration is appropriated from the general fund to the commissioner of finance for transfer to the housing development fund and credit to the housing trust fund account to be used for rental assistance. No more than ten percent of this appropriation may be used to operate rental housing under this section. This appropriation to the housing trust fund account must not be used to supplant appropriation levels for housing in effect on June 30, 2009.

Sec. 4. Minnesota Statutes 2008, section 462A.33, is amended by adding a subdivision to read:

3.1 Subd. 9. **Appropriation.** An amount equal to the proceeds of the deed tax
3.2 under section 287.21, subdivision 1, paragraph (b), clause (3), on .000549 of the net
3.3 consideration is appropriated from the general fund to the commissioner of finance for
3.4 transfer to the housing development fund to be used for the economic development and
3.5 housing challenge program. This appropriation to the housing development fund must not
3.6 be used to supplant appropriation levels for housing in effect on June 30, 2009.

3.7 Sec. 5. **[462A.345] HOUSING ACCOUNT FOR LEVERAGE OPPORTUNITY.**

3.8 Subdivision 1. **Creation.** The housing account for leverage opportunity is created
3.9 in the housing development fund. The account must be administered by the agency to
3.10 provide matching grants to eligible recipients to preserve, renovate, or develop affordable
3.11 home ownership or rental housing.

3.12 Subd. 2. **Eligible recipients.** Eligible recipients are a county; a city, as defined
3.13 in section 462A.03, subdivision 21; a housing and redevelopment authority or public
3.14 housing agency established under sections 469.001 to 469.047; an economic development
3.15 authority established under sections 469.090 to 469.1082; a community development
3.16 agency established under section 383D.41; a neighborhood land trust; or a federally
3.17 recognized American Indian tribe located in this state.

3.18 Subd. 3. **Income limits.** (a) Households served through the grant must not have
3.19 incomes at the time of initial occupancy that exceed, for home ownership projects, 115
3.20 percent of the greater of state or area median income as determined by the United States
3.21 Department of Housing and Urban Development, and for rental housing projects, 60
3.22 percent of the greater of state or area median income as determined by the United States
3.23 Department of Housing and Urban Development.

3.24 (b) Preference among comparable proposals must be given to those that provide
3.25 housing opportunities for the broadest range of incomes within the development.

3.26 Subd. 4. **Matching requirements.** (a) A grant from the account must be matched on
3.27 a dollar-for-dollar basis by money or the value of the land provided by eligible recipients.

3.28 (b) The minimum grant is \$50,000. The maximum grant to an eligible recipient
3.29 each year is \$1,000,000.

3.30 (c) The local match may not include money from any other state or federal program
3.31 for the same project.

3.32 Subd. 5. **Distribution requirements.** (a) Except as provided in paragraph (b), not
3.33 less than 40 percent of the money granted from the account must be for project applications
3.34 submitted by eligible recipients outside of the seven-county metropolitan area as defined

4.1 in section 473.121, subdivision 2, and outside of community development entitlement
4.2 areas as defined by the United States Department of Housing and Urban Development.

4.3 (b) In any biennial funding cycle, money not committed to eligible recipients for
4.4 affordable housing projects by March 1 of any odd-numbered year is available to provide
4.5 grants for projects of eligible recipients without regard to the limitation established in
4.6 paragraph (a).

4.7 (c) Only one matching grant may be awarded within the jurisdictional boundaries of
4.8 an eligible recipient each year.

4.9 Subd. 6. **Appropriation.** An amount equal to the proceeds of the deed tax
4.10 under section 287.21, subdivision 1, paragraph (b), clause (3), on .000412 of the net
4.11 consideration is appropriated from the general fund to the commissioner of finance for
4.12 transfer to the account established by subdivision 1. This appropriation must not be used
4.13 to supplant appropriation levels for housing in effect on June 30, 2009.